

Press Releases

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OTS 99-77 - OTS Grants Thrift Charter to Capital Group Companies

Office of Thrift Supervision

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For further information

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Contact: William Fulwider

OTS 99-77

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OTS Grants Thrift Charter to Capital Group Companies

WASHINGTON, D.C., Nov. 18, 1999 - Capital Group Companies, Inc., Los Angeles, which operates the nation's third largest mutual fund family, has received a federal thrift charter from the Office of Thrift Supervision (OTS) to organize a trust bank to be based in Brea, California. The new institution will be named Capital Bank and Trust Company and provide only trust services. The parent becomes a unitary thrift holding company.

The new Capital Bank will assume approximately \$65 billion in trust accounts from other existing Capital Group companies.

Capital Group, an employee-owned investment management holding company, has more than \$350 billion in assets under management, including \$250 billion in mutual funds in its American Funds Group. It sells mutual funds and services through independent brokers and through subsidiaries, manages pension funds and retirement trust accounts. The company, founded in 1931, is privately owned and has 4,500 employees working in offices across the nation and worldwide. Overseas operations are in such centers as London, Hong Kong, Singapore and Tokyo.

In approving the charter application, OTS requires prior approval of any material changes in Capital Bank's business plan. Before engaging in any fiduciary activity, the institution must obtain OTS review of a functioning oversight program that includes comprehensive audit, compliance management and risk management programs.

At least 40 percent of the thrift's directors must be individuals who are not officers or employees of the holding company or affiliates, and at least one member has to be independent of the thrift, holding company and affiliates. The institution is subject to anti-tying restrictions, regulations pertaining to conflicts of interest, corporate opportunity and interagency policies governing the sale of insured and uninsured products. OTS reserves the authority to have examiners, without identifying themselves, check the appropriateness of the institution's market disclosures.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.